

# International Trade and Investment Year in Review Fiscal Year 1999-2000

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Christopher M. Campaña, Executive Director

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Editors: Gina Mandy and Claire Hervey.

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# Introduction

The International Trade and Investment (ITI) Year in Review report is produced annually for the California State Legislature to document the activities and successes of the California Technology, Trade and Commerce Agency's (TTCA) ITI Division. The report provides a comprehensive overview of the achievements of the State's international programs between July 1, 1999 and June 30, 2000.

**The Value of Exporting to California's Economy.** An essential element for the success of any regional economy is the ability to sell locally produced goods and services in national and international markets. Exports bring income from outside the state, supporting not only the export industries and their employees, but also their suppliers and workers' household spending on a wide variety of goods and services. Ultimately, the incomes and living standards of a region depend almost entirely on its ability to sell its goods and services beyond its borders.

**The Value of Foreign Investment to California's Economy.** Inward investment also contributes significantly to the success of the economy. Foreign monies invested in the state provide fresh capital for construction and economic development. Jobs are created and retained for the construction phase, for employment at the facility, and for related sectors of the supply and delivery chain.

In fiscal year 1999-00, approximately one in seven jobs in California was the result of international trade or investment.

The Year in Review is comprised of three sections. Section 1 provides an overview of ITI objectives, the programs it implements to achieve those objectives, and the total achievements for division-wide programs. Section 2 provides an overview of each Office within the Division, along with individual stories that reveal, in detail, the value that the Office staff added. Section 3 is comprised of graphs and charts that display the allocation of economic development among counties. In addition, Section 3 provides a breakdown of the industrial sectors served by the ITI division.

**A note about the calculations used in this publication.** Calculating the value-added success of the State's international programs in terms of dollar value and jobs created is far from an exact science, and each year brings new challenges of how to translate the division's success into rigid criteria. In a constant effort to improve the quality of ITI's annual report, we have conducted detailed internal audits of the division's success stories in each of the past two fiscal years. This process has included thorough questioning of reporting offices and verification phone calls to company contacts for success stories.

The 'jobs created' in our success stories only reflect jobs actually created or supported by the activities of ITI. In nearly every case, the job numbers claimed were supplied by the companies themselves and no jobs multipliers (see below) were used to obtain these numbers.

Numerous successes from our stateside and overseas offices were not included in this report because they failed to meet the rigorous internal auditing standards established by the division. Although we believe this conservative approach results in reported numbers that do not capture the full value of the State's international programs, we feel it reflects a strong majority of ITI's success in FY 99-00 and provides excellent examples of how California's international business community continues to benefit every day from ITI programs.

The U.S. Department of Commerce (USDOC) uses an export jobs multiplier which estimates that every \$1 billion of exports directly and indirectly supports 12,000 jobs. (This number was revised downward in 1999 from 14,000 jobs to account for efficiency gains.) This multiplier is a very broad, non-sector specific calculation used to account for the primary jobs created and supported by export activity, as well as the secondary and tertiary effects on the local economy as a result of exports. Primary effects of trade are jobs directly created from increased demand and sales to international markets. Secondary externalities of trade can include, but are not limited to, such things as port jobs, transportation, logistics and distribution jobs, export sector suppliers. Tertiary effects of trade can include growth in non-trade, usually service jobs such as restaurants, gas stations and retail outlets as a result of economic growth and increased disposable income in communities generated by job growth and the traditionally higher pay for export-related jobs. Had the USDOC multiplier been used, 40,116 estimated jobs were created in California last year as a result of ITI-assisted deals.

It must be clearly noted that ITI **did not use any multiplier** in calculating the job numbers reported in the following success stories. All job numbers reported by ITI were primary job growth reported by the companies as resulting from the increased business directly related to ITI assistance. It is reasonable to infer that the external effects of these successes were substantial and created secondary and tertiary employment in the thousands or tens of thousands.

## Success Cases by Office

	# of Deals	\$ Value	Jobs Created
<b>Stateside</b>			
California Export Finance Office	18	\$28,000,744	227
Office of Export Development	45	56,573,000	60
Office of Foreign Investment	7	3,005,200,000	6,045
<b>Subtotal: Stateside</b>	<b>70</b>	<b>\$3,089,773,744</b>	<b>6,332</b>
<b>Overseas</b>			
China - Hong Kong	7	\$8,190,910	10
China - Shanghai**	--	--	--
Germany	14	48,970,000	402
Israel	11	2,050,000	11
Japan	44	42,463,420	93
Mexico	9	2,355,000	537
Singapore**	--	--	--
South Africa	1	12,000	--
South Korea	11	10,884,700	61
Taiwan	25	133,095,853	770
United Kingdom	8	5,113,000	14
<b>Subtotal: Overseas</b>	<b>130</b>	<b>\$253,134,883</b>	<b>1,898</b>
<b>Total All Offices</b>	<b>200</b>	<b>\$3,342,908,627</b>	<b>8,230</b>

\*\* Shanghai created in February 2000; Singapore created in March 2000

# Section 1

## Success of the Division

The Technology, Trade and Commerce Agency (TTCA) is charged with two goals: promoting economic development, and creating and retaining jobs in the State. TTCA's International Trade and Investment Division (ITI) supports this mission using two primary methods: (1) by increasing California-based exports, and (2) by encouraging and facilitating foreign investment.

In fiscal year 1999-00, ITI generated a total of \$3.3 billion in economic development and directly created 8,230 jobs by assisting 200 California companies and local governments. Map 1 indicates the total value of economic development, comprised of both exports and investment, throughout the State. The geographic distribution of clients was extremely varied. ITI anticipated serving a large number of companies in the dense metropolitan regions such as Silicon Valley and the Los Angeles area, and a large number of deals did in fact occur in or near major cities. However, 1999-00 indicated the value of ITI's services in rural areas as well, including investment deals in Solano County (\$11 million) and Santa Barbara County (\$250,000), and export transactions in Madera County (\$1.5 million) and Sutter County (\$803,000).

ITI is organized into four programs. They include the Offices of Export Finance (CEFO), Export Development (OED), Foreign Investment (OFI), and California-Mexico Affairs (CMA). Structurally, the programs are administered through ITI's stateside offices, overseas offices, and the executive office.

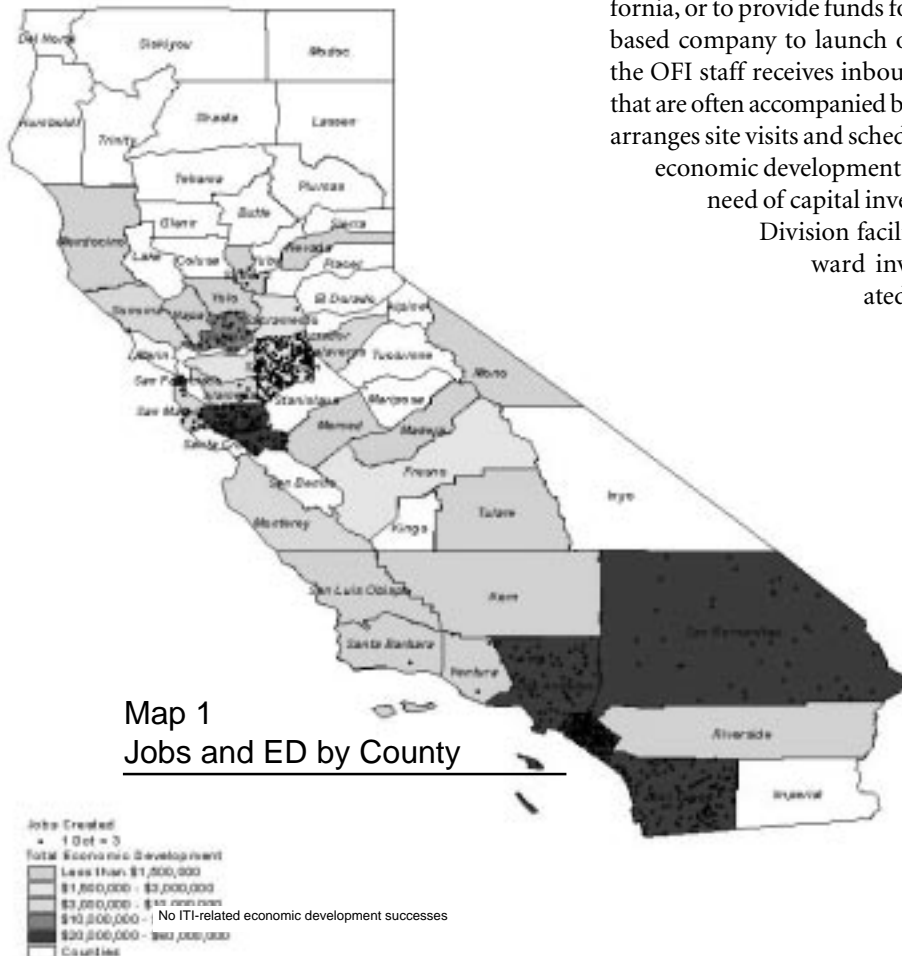
The stateside offices work in concert with a network of overseas offices to serve companies and to achieve the division's programmatic goals. In 1999-00 the Overseas Offices of International Trade and Investment included 11 offices in 10 target markets worldwide. Two of these offices opened during the later part of fiscal year 1999-00 and did not report major deals in 1999-00 due to their recent establishment.

The ITI Executive Office provides administrative and division-wide support in marketing, legislation, research and policy. The Executive Office serves as the information epicenter on international commercial issues for the Governor and the Legislature. The California World Trade Commission, ITI's public-private advisory board, is also managed from the Executive Office.

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**Promoting Exports.** CEFO, OED, and the foreign offices service California exporters. OED's main functions include coordinating overseas trade show delegations, leading trade missions, and facilitating a trade leads exchange with the foreign offices. CEFO provides financial assistance to exporters through loan guarantees and export transaction consulting. The foreign offices identify overseas buyers, arrange meetings between exporters and potential buyers, collect trade leads, counsel California executives on market penetration strategies, and lead inbound buying missions to California. This range of export services allows ITI to assist California companies at any stage of export readiness, or at any stage in an export deal. In total, ITI promoted a total of \$137 million in exports, which generated 964 jobs in many counties throughout California (Map 2).

**Facilitating Investment.** OFI is TTCA's primary vehicle for attracting foreign investment. OFI assists prospective investors in locating or expanding a business in California. The foreign offices promote inward investment through identifying strategic partners and capital investors to create a business in California, or to provide funds for an existing California-based company to launch or expand. In addition, the OFI staff receives inbound investment missions that are often accompanied by foreign office staff. OFI arranges site visits and schedules meetings with local economic development entities or companies in need of capital investment. In total, the ITI Division facilitated \$3.1 billion in inward investment, which generated 6,759 jobs (Map 3).

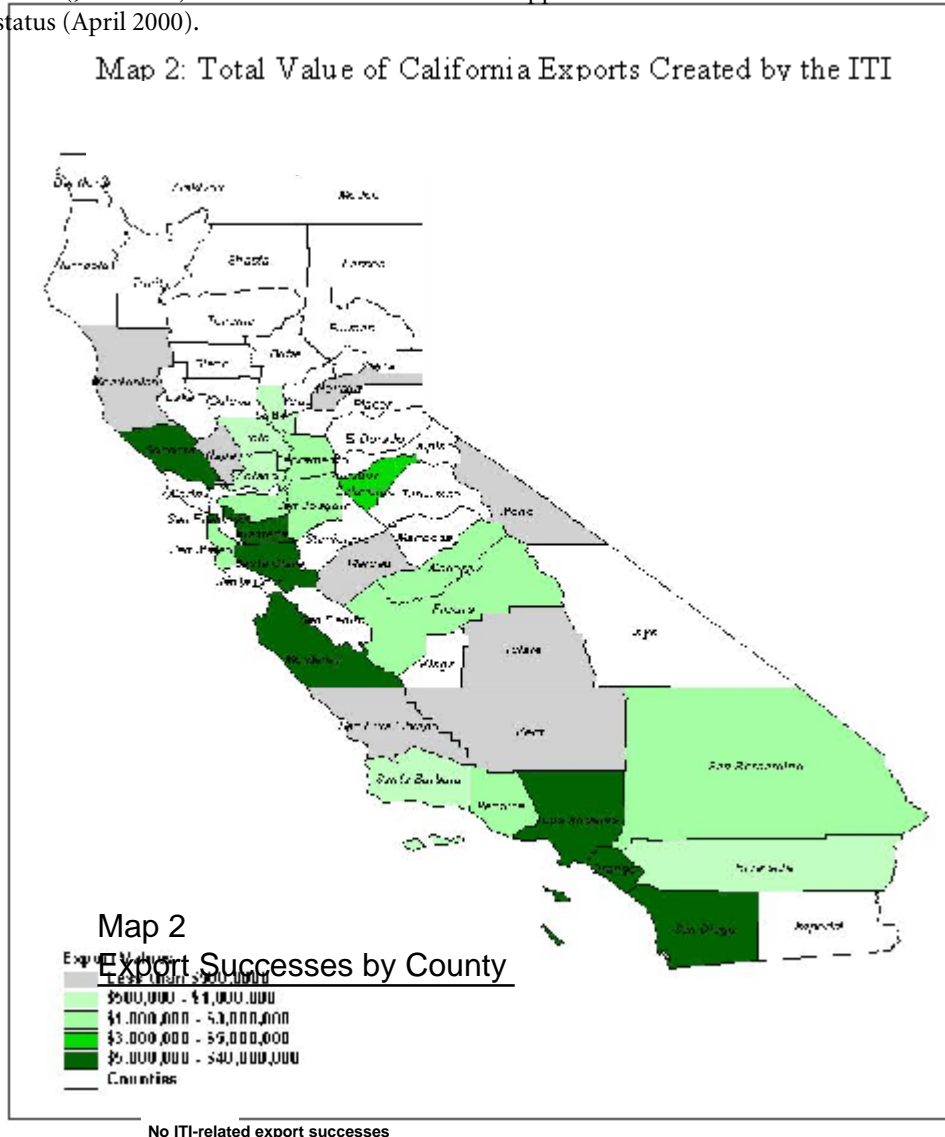


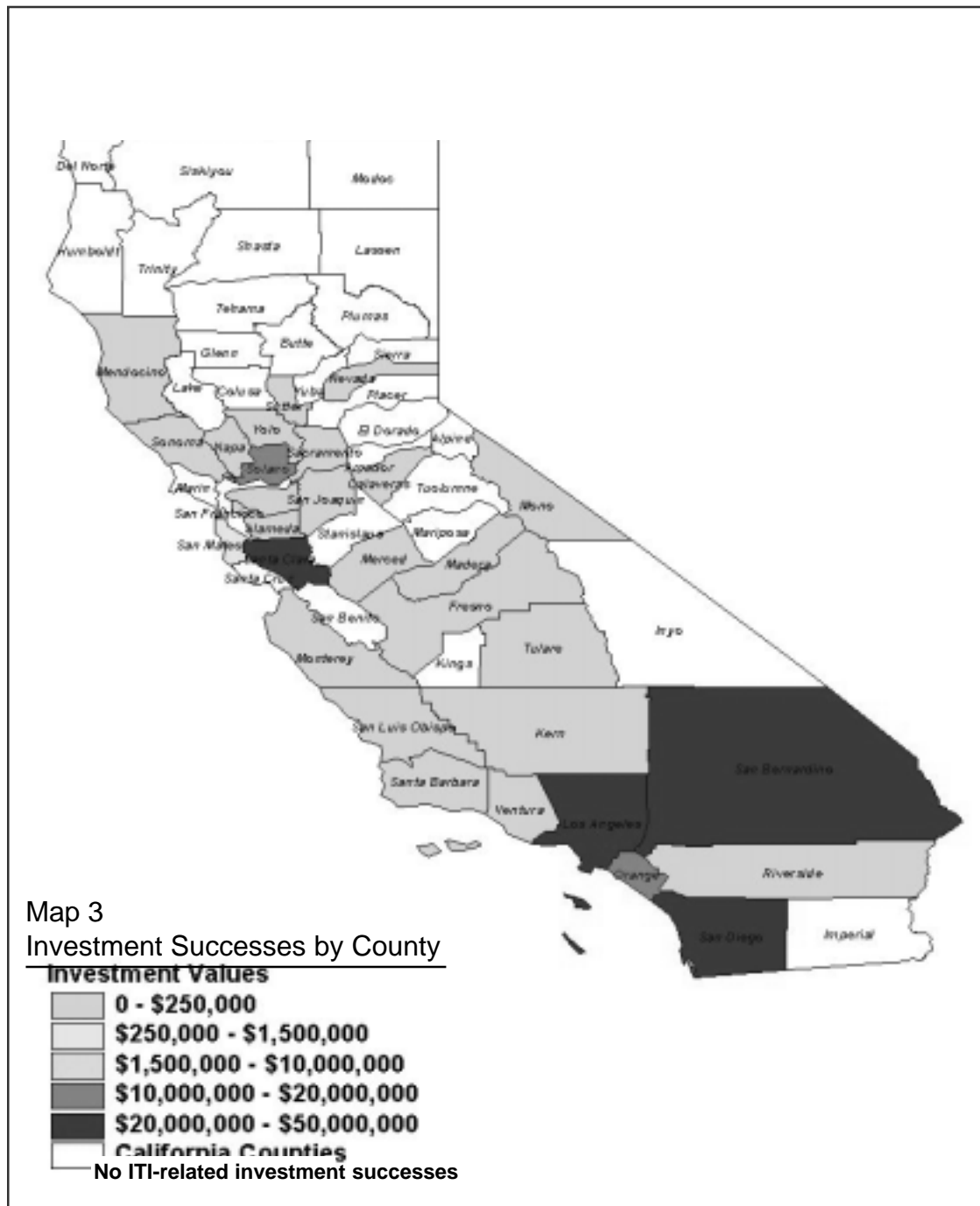
**California-Mexico Affairs.** The CMA is responsible for developing and furthering favorable economic, environmental, educational, and cultural relations among the states of Baja California, Baja California Sur, and the rest of Mexico. The mission of CMA is to provide essential information dissemination regarding policy issues and commercial opportunities for California businesses working with Mexico.

**Other International Activities.** The growing importance of international commerce to California's economy was reflected in the large number of activities ITI engaged in throughout the year. ITI played a central role in coordinating Governor Davis' Europe and Middle East Business Development Mission in October 1999. During the mission, Governor Davis traveled to England, Ireland, Scotland, Greece, Israel, and Egypt, to meet with key government and business decision makers to advocate on behalf of California business. Among others, Governor Davis met with: UK Prime Minister Tony Blair, BP Amoco CEO Sir John Browne, Irish Prime Minister Bertie Ahern, Greek Prime Minister Costas Simitis, Israeli Prime Minister Ehud Barak, Palestinian leader Yasser Arafat, and Egyptian President Hosni Mubarak.

During 1999-00, ITI opened two new California trade and investment offices in Shanghai, China (February 2000) and Singapore (March 2000). Since the end of the 1999-00 fiscal year, ITI has opened its twelfth overseas office in Argentina. Also during 1999-00, ITI headquarters hosted 29 in-bound foreign delegations from 14 different countries. Some of the more notable delegations included: South African President Thabo Mbeki, Singapore Senior Minister Lee Kuan Yew, and Singapore Deputy Prime Minister Tony Tan. Other accomplishments include: Governor Davis signing an Israel Biotechnology Agreement (October 1999), establishment of the California-Middle East Economic Cooperation Task Force (January 2000), California's hosting of the Border Governors' Conference (June 2000) and Governor Davis' letter of support for China's Permanent Normalized Trade Relations status (April 2000).

In FY 1999-2000  
ITI helped small  
and medium size  
California  
companies export  
**\$137 million**  
in goods and  
services,  
generating  
**964 jobs**  
in various  
counties  
throughout  
California.





## Other International Programs

TTCA's Divisions of Economic Development and of Science, Technology and Innovation administer dozens of economic development programs and offices throughout the state, including the Office of Small Business, Small Business Development Centers, the California Film Commission, regional economic offices, and regional technology alliances. Each of these programs may have involvement and successes in international activities, on which ITI is often consulted. However, their activities are summarized separately in the annual reports of each respective division.

## International Tourism Activities

TTCA's Division of Tourism maintains an international program which works closely with the tourism industry abroad, as well as with the ITI's worldwide offices. Throughout the year, overseas tourism representatives maintain regular contact with ITI offices in UK, Germany and Japan. In addition, wherever possible, California Tourism staff met with ITI staff when in-market in order to keep updated on promotional efforts being made in the region.

International visitation accounts for approximately 4% or 10 million of California's annual 282 million visitor trips. Although a small percentage of the total, the international visitors are highly coveted due to their tendency to spend more and stay longer than domestic travelers. In addition, foreign visitors travel midweek and off-season, bringing valuable revenue to a community. California's popularity worldwide assists the state in maintaining its ranking among the top two U.S. destinations for the international traveler.

International tourism is considered a service export. The foreign visitor spends an average of \$3,000 while in California, equivalent to the export of three computers. At 10 million visitors annually, that translates into \$30,000,000,000 (30 billion dollars) in foreign money entering the state each year.

The top countries for foreign visitors to California are (preliminary 2000 figures): Japan 1,131,000; Canada 1,000,000; United Kingdom 914,000; Germany 518,000; France 409,000; and Australia 323,000. Mexico is estimated at 3.1 million travelers. However, INS figures of 30.1 million vehicles crossing the border from Mexico to California do not take into account tourism versus employment breakdowns.

Foreign individual travel continues to grow as travelers from other countries become more familiar with California and are able to plan their trips on their own using the internet, faxes, and direct reservation systems.



## Section 2

# Success of the Offices

## California Export Finance Office

CEFO issued 19 loan guarantees in 1999-00. These loan guarantees enabled 18 small and medium size California exporters to secure loans from private sector financial institutions and complete export transactions valued at \$28 million. A total of 227 jobs were created or retained through the export financing guaranteed by CEFO. CEFO loan guarantees enhance the credit quality of the exporters, and decrease the lenders' risk when providing export financing to the companies. Most of CEFO's clientele would not otherwise qualify for conventional private-sector financing.

During 1999-00, CEFO participated in 234 conferences, seminars, workshops, and meetings with federal partners, financial institutions, and local trade associations to promote the CEFO loan guarantee program, and other services provided by the division. CEFO successfully attracted 13 new commercial lenders to its program, bringing the total number of participating financial institutions under the CEFO loan guarantee program to 123.

CEFO maintains offices throughout the state in Sacramento, Long Beach, San Diego, Santa Clara, and Fresno.

CEFO collaborates with the following federal agencies in an effort to make additional resources available to the California export community.

### Overseas Private Investment Corporation

CEFO played a key role in launching the partnership between the State of California and the Overseas Private Investment Corporation (OPIC). The partnership was designed to provide information on OPIC services such as political risk insurance and project financing to the California export community. The partnership was formally announced at a rollout ceremony on September 9, 1999 co-hosted by CEFO and OED in Long Beach.

### U.S. Small Business Administration

In May 2000, CEFO renewed its cooperative agreement with the U.S. Small Business Administration (SBA). This agreement allowed for CEFO and the SBA to co-guarantee loans to California exporters whose financing requirement exceeds the maximum loan amount that can be guaranteed by either CEFO or SBA alone. In 1999-00, five of 19 CEFO loan guarantees were issued under the cooperative agreement between CEFO and SBA.

### U.S. Export-Import Bank

In April 2000, CEFO participated in the U.S. Export-Import Bank's (EXIM) Annual Conference and City/State Partner's meeting in Washington, D.C. As a member of the EXIM's City/State Program, CEFO actively promoted the EXIM's foreign credit insurance and other export financing programs to California exporters and financial institutions. In addition, CEFO attended the annual meeting of the National Association of State Development Agency's (NASDA) Export Finance Task Force in Washington, D.C. During 1999-00, CEFO continued to serve as an administrator of the EXIM umbrella foreign credit insurance policy to help California exporters obtain foreign credit insurance from EXIM.

## Office of Export Development

OED maintains offices in Sacramento, Long Beach, San Diego, Santa Clara, and Fresno.

To better leverage statewide resources, OED cooperates with public and private export service providers, such as World Trade Centers, the U.S. Commercial Service, local chambers of commerce, and industry trade associations. During 1999-00, OED's director and staff reached out to California companies directly by participating in more than 180 conferences, seminars, and roundtables.

In Southern California, OED played a leading role in World Trade Week 2000, the main annual series of events for the trade community. In addition to sitting on the Southern California World Trade Week Committee, ITI produced and printed the *World Trade Info Guide*, which was distributed to more than 10,000 firms globally. The guide included a directory of Southern California trade-related offices and organizations, current statistics on world trade and a proclamation from Governor Gray Davis. TTCA Secretary Lon S. Hatamiya also provided the keynote speech at the World Trade Week Kick-off.

In 1999-00, OED provided more than 450 small and medium size California companies with the skills and tools needed to compete and succeed in the international marketplace. This was accomplished through providing export counseling, market research, and buyer introductions at trade shows and trade development missions.

OED received and serviced 300 trade inquiries from foreign buyers requesting identification of California-manufactured products and services, and hosted 32 inbound foreign buyer missions. OED organized *California Pavilions* at eight leading international trade shows: **Comdex Brazil**, **Telecom '99** in Switzerland, **Environment Japan**, **BATIMAT '99** (building materials) in France, **Productronica** (electronics) in Germany, **Medica** in Germany, **Asian Aerospace** in Singapore, and **CeBIT** (information technologies) in Germany. OED works closely with all of ITI's offices to ensure that the California companies have productive meetings with qualified buyers, potential partners, key industry players, and foreign government agencies when traveling abroad.

In addition to OED's introduction of the successful California Pavilion concept, the office serviced clients via three specialized programs: the Environmental Technology Export Program (ETEP), the Overseas Procurement Opportunities Program (OPOP), and the Ready to Export Program (RTE).

### Environmental Technology Export Program

ETEP assists California companies to export environmental and energy technologies, services, and equipment. During 1999-00, ETEP sponsored several companies that successfully obtained National Association of State Development Agencies (NASDA) overseas marketing grants; facilitated matchmaking between California companies and overseas opportunities via trade missions, trade leads and project opportunities, and introduced export-ready firms to the California overseas trade offices. ETEP provided export and marketing strategy advice and shared information about project and export financing sources. ETEP expanded relationships with the California environmental industry via the maintenance of an internally developed database of nearly 1,200 California-based environmental technology firms, which it also publishes as a public web resource called the *California Environmental Technology Directory*.

Regional focuses for ETEP in 1999-00 included Mexico (including Mexico City, Baja California, and the state of San Luis Potosí), South Africa, Japan, and the Middle East (as follow-up from the February 1999 mission to Egypt, Israel, Jordan, and the West Bank).

ETEP continues to coordinate with state partners, such as the California Environmental Protection Agency (Cal/EPA), the US Department of Commerce, and the California Environmental Business Council, in hosting inbound missions of foreign environmental decision-makers for site visits, technology demonstrations, and one-on-one meetings.

### **Overseas Procurement Opportunities Program**

OPOP staff work in collaboration with international organizations such as the World Bank and the Inter-American Development Bank to provide information on projects and procurement opportunities worldwide. OPOP disseminates information via a specialized web site, seminars, and newsletters. OPOP's newsletter is distributed to 224 firms in California. In addition, OPOP organizes trade missions that introduce California companies to potential strategic partners and assists companies with identifying project opportunities.

### **Ready to Export Program**

RTE is a partnership with the Export Small Business Development Centers (Export SBDCs) that focuses on educating and counseling businesses on the nuances of exporting their products. The purpose of the program is to help firms develop skills to expand their sales internationally. RTE is an integrated program, which includes individual business counseling, seminars on the basics of exporting and industry specific topics, and on site tradeshow support. During 1999-00, RTE clients participated in the following three trade shows: MAGIC (apparel) in Las Vegas, Action Sport Retailers in San Diego, and Comdex in Las Vegas. OED assisted more than 300 companies. The grant expires January 1, 2001.

## Office of Foreign Investment

OFI generated \$74 million in new foreign investment by working directly with investors and working cooperatively with TTCA's foreign office network. OFI's client companies initially created a total of 714 new jobs. The majority of OFI's clients during the fiscal year were smaller, technology-based companies looking to establish a foothold in California's vibrant technology markets. In addition to its small technology-based clients, OFI was successful assisting a few larger, established companies to set up manufacturing and research and development facilities in California. In addition, the office worked in partnership with the offices in Taiwan, Korea, and Japan to assist companies to expand their presence in the state.

OFI serves communities throughout the state, with investment professionals located in TTCA's offices in Sacramento, Long Beach, and San Mateo.

In February 1999, OFI traveled to Japan to participate in the Japan Institute of Labor's annual conference. During the trip, OFI also visited with clients in Taiwan and Korea as well as established working relationships with California's trade and investment offices in the region. In November 1999, OFI traveled to Egypt with a delegation from the California Senate and the Northern California World Trade Center to initiate contacts.

In 1999-00 OFI worked with TTCA's San Diego Regional Office and the UK Office to organize an investment mission for 12 European telecommunications companies exploring expansion opportunities in California. OFI also initiated an outreach program to local economic development organizations to foster more effective partnerships. Lastly, OFI completely revamped its primary publication, *Setting up Business in California*, translated the *California Investment Guide* into Chinese, Korean, Japanese, and Spanish, and also updated California's *Investor Visa Information* publication.

## Office of California-Mexico Affairs

The Office of California-Mexico Affairs (CMA) is charged with developing and furthering favorable economic, environmental, educational, and cultural relations among the states of Baja California, Baja California Sur, and the rest of Mexico. The mission of CMA is to provide essential information dissemination regarding policy issues and commercial opportunities for California businesses working with Mexico.

Within the Office, the Commission of the Californias along with the Office of the Southwest Border Regional Conference, allows CMA to serve as a centralized clearinghouse for the wide array of policy issues regarding California-Mexico relations. CMA plays a pivotal role in the coordination of two major conferences, the Border Governors' Conference (formerly referred to as the Southwest Border Regional Conference) and the Commission of the Californias, to address these issues.

In 1999-00, the Office of California-Mexico Affairs planned and implemented the XVIII Border Governors Conference, hosted by Governor Gray Davis, which took place in Sacramento on June 1 and June 2, 2000. Nine of the 10 governors who represent regions that are adjacent to the U.S.-Mexico border—four U.S. governors and five Mexican governors—were in attendance along with more than 150 of their cabinet secretaries, senior staff members, press secretaries and other staff members. CMA coordinated five major planning meetings in the U.S. and in Mexico. As host for the conference, the CMA prepared meeting notices, agendas, and minutes for all of the meetings throughout the year. In addition the CMA coordinated the schedules for the four special issue sessions: Border Crossings, Economic Development, Education, and Environment. The Office also coordinated and produced the Joint Declaration, which was signed by all 10 governors, and distributed to U.S. President Clinton and Mexico President Zedillo.

On March 27, 2000 CMA facilitated the fifth meeting between Governor Gray Davis and Governor Alejandro Gonzalez Alcocer of Baja California. Governor Davis, in the State Capitol, welcomed the Baja California Governor who was accompanied by five of his Cabinet Secretaries. In addition, the Office facilitated four meetings in both California and Mexico between Governor Davis' Secretary for Foreign Affairs, Governor Gonzalez Alcocer's Chief of Staff, and the Office Director.

During the year, the CMA hosted a Mexican delegation from the Mexico National Institute of Anthropology and History (INAH), which was initiated by a partnership between the State Department of Parks and Recreation and INAH. The delegation was comprised of archaeologists, historians, and architects dedicated to preserving the Camino Real in the State of Baja California. The State Department of Parks and Recreation preservation specialists and the delegation shared technical know-how for restoration techniques and reconstruction efforts for century-old missions. The delegation visited La Purisima State Historic Park in Lompoc, California and the Presidio in Santa Barbara. During the 1930s, the conditions at La Purisima were similar to the types of challenges faced by INAH at its mission sites.

The Director participated in and helped lead a series of meetings facilitated by the Office and the Secretary of Tourism in Baja California, focusing on smoothing the movement of travelers between California and Baja California. This project began as a result of a conversation between the two sister-state Governors in May of 1999 in Tijuana. The committee has increased cooperation and communication and has been covered in the press in the region.

In addition to the Border Governors Conference, CMA also hosted or attended numerous meetings and seminars on issues of importance in the border region. The staff attended an environment briefing by staff from the U.S. Embassy in Mexico, coordinated a meeting of regional border experts for political policy staff from that same Embassy, attended a bi-national conference on environmental research and policy, attended a meeting of the border area fire council task force, attended the California Environmental Protection Agency's Border Coordinators meetings, attended a seminar on U.S.-Mexico immigration sponsored by the U.S. federal government, and instructed on U.S. - Mexico procedures at a bi-national meeting in Chihuahua hosted by the U.S. Bureau of Land Management and other federal agencies working in the border region.

## Overseas Offices of Trade and Investment

California's Overseas Offices of International Trade and Investment are located in strategic markets worldwide. In 1999-00 ITI operated 11 overseas offices. The foreign offices provide business development services to small and medium size California companies to improve their sales, and attract needed investment from targeted markets into California.

To promote California exports, the foreign offices provide market intelligence, collect trade leads, identify buyers and distributors, coordinate and support trade shows and business missions, provide matchmaking for strategic alliances, counsel California executives on market penetration strategies, and arrange buying missions to the state. The foreign offices promote inward investment through identifying strategic partners and capital investors to create a business in California, or to provide funds for an existing California-based company to launch or expand.

California's first overseas office opened in Japan in January 1987. This was followed by the United Kingdom (UK) in April of the same year, Mexico (January 1989), Germany (October 1989), Hong Kong (February 1990), Taiwan (September 1994), and South Africa (October 1995). The Israel Office was opened in December 1993 under a contract with the Israel-based consulting firm Atid EDI. The other consultant offices include Korea (October 1996), Shanghai (February 2000), and Singapore (March 2000). The Argentina Office opened in September 2000 during fiscal year 2000-01 and, therefore, is not included in this report. The 2000 Budget Act provides funding to establish new foreign office representation on a contractual basis in Canada, India, and the Philippines.

The 1999-00 review of each of the Offices follows in alphabetical order according to country.

# China - Hong Kong

*Population:* 6.69 million

*GNP:* \$158 billion

*GNP per capita:* \$20,763

10th largest CA export market

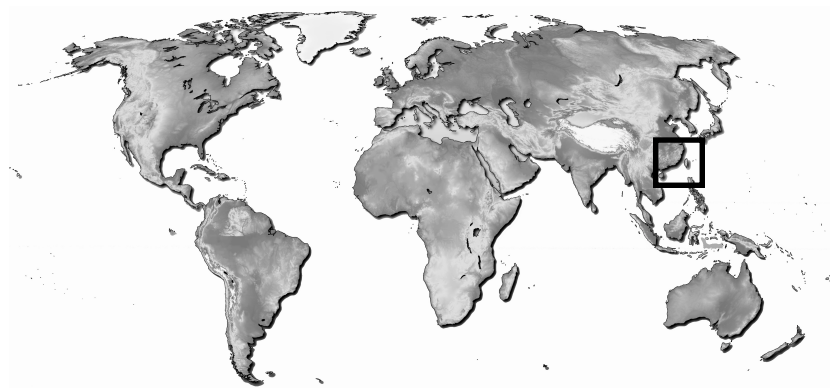
*2000 California exports:*

\$4.48 billion

*Largest California export categories to China-Hong Kong:* industrial machinery; computer equipment; electronic and electrical equipment; instruments and related products

*China - Hong Kong Office Area of Coverage:* Hong Kong, Beijing, and Southern China

*China - Hong Kong's Share of Total California Exports:* 3.5%



## China: Hong Kong

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*California exports to China (including Hong Kong) increased 26 percent to total \$8.3 billion in 2000, making it California's fifth largest export market. California exports to Hong Kong were up 13 percent to \$4.5 billion, while exports to mainland China were up 44 percent totaling \$3.8 billion. Independently, Hong Kong and mainland China currently rank as our tenth and eleventh largest export markets respectively. Passage of PNTR for China and China's admission to the WTO hold enormous opportunities for California exporters and could lead to significant growth in trade to this region over the next several years.*

The economies of the Hong Kong Special Administrative Region (SAR) and mainland China have made steady improvements since the Asian economic downturn, which made securing buyers for California products and investors challenging. Hong Kong SAR has most recently reported marked changes towards economic recovery and projected growth for the region. In spite of the regional economic downturn, the Hong Kong Office continues to make efforts and progress to develop expansive prospects for California firms. The Hong Kong Office has processed over 450 trade leads, resulting in over \$8 million in transactions. The Office participated in 10 trade shows, 12 Business Conferences, and actively facilitated five business development missions. The office took an active role in developing new trade and technology programs and initiatives in Hong Kong SAR and Beijing, China.

China's entry into the World Trade Organization (WTO) will provide California companies even greater market access to the region, and Hong Kong SAR will continue to serve as an important gateway to the China market, particularly given its solid financial and legal infrastructure, rule of law, transparency, accessibility as one of the world's busiest container ports, and flexibility in commercial transactions. California exports to Hong Kong SAR and China combined constitute one of California's largest export destinations, and the Hong Kong Office will continue to facilitate growing export and foreign investment opportunities.

Recognizing the emerging demand for California innovation and high technology products and services, the Hong Kong Office developed a new initiative known as "iCalifornia," which introduces strategic Internet and technology opportunities from California to facilitate technology transactions in a wide variety of industry areas, providing investment and value-added opportunities that match interests between those firms from California, Hong Kong SAR, and China, to identify and develop high-tech, state-of-the-art business partnership opportunities. Since its creation in May 2000, the iCalifornia event successfully promoted the Hong Kong Office's technology facilitation program, which has generated dozens of success stories, and has handled over 100 technology leads with over 50 firms registered in the program.

The Hong Kong Office participated in a series of seminars, meetings, and lecture series. Highlights of the 1999-00 year include:

### **Economic Development Alliance for Business**

In March 2000, the Hong Kong Office hosted a 32-person delegation from the Economic Development Alliance for Business (EDAB), whose members included: then President of the Alameda County Board of Supervisors, Wilma Chan (Assemblywoman, Oakland), Gus Morrison (Mayor of Fremont), Vice Mayor Henry Chang Jr. of the City of Oakland, and Council Member Jane

Brunner, and other Members of the Economic Development Alliance for Business (EDAB). The Hong Kong Office staff provided program and on-site assistance to the EDAB Delegation during their Techworld Mission to Hong Kong, where over 200 technology companies and investors from California, Russia, Israel, and various cities in China convened at the event.

### **eBeijing 2000 Conference**

In April 2000, the Director of the Hong Kong Office delivered Governor Davis' Welcome Certificate and Welcoming Remarks to conference sponsors on behalf of the State of California. In addition, the Director attended private meetings with the Mayor of Beijing and Municipal Government leaders to discuss areas of trade and technology cooperation between California and Beijing, China. The eBeijing 2000 Conference focused on E-Commerce, the Internet, and venture capital in Beijing.

### **China Energy Conference**

The Hong Kong Office assisted the California Energy Resources, Conservation and Development Commission with the China Energy Conference in Beijing, China. The Office staff presented a briefing on California Assistance Programs for energy firms, and provided on-site meeting arrangements and planning assistance at the Conference for the California-based energy firms.

### **Beijing Municipal Government and Zhongguancun Science Park**

The Hong Kong Office worked with leaders of the Beijing Municipal Government, the Beijing Vice Mayor, and representatives from the Zhongguancun Science Park and the High-Tech Science Park of Beijing to establish their recently opened Zhongguancun Representative Office in the San Francisco Bay Area. In addition, the Office staff assisted with their official in-bound mission to Silicon Valley.

# China - Shanghai

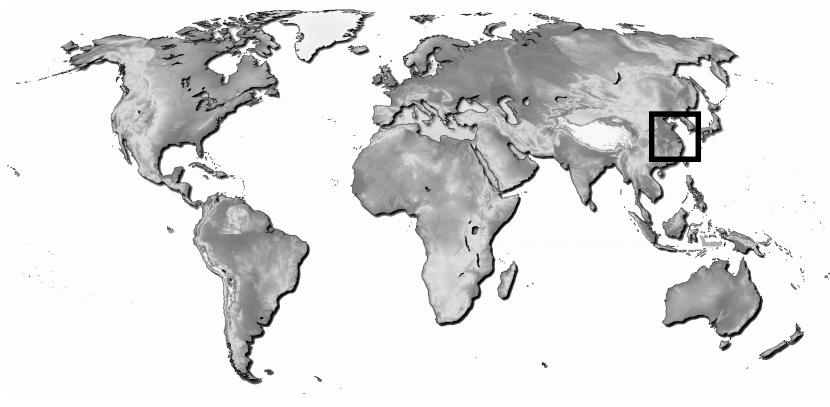
*Population:* 1.2 billion  
*GNP:* \$765 billion  
*GNP per capita:* \$3,051

11th largest CA export market  
*2000 California exports:*  
\$3.85 billion

*Largest California export categories to China:* industrial machinery; computer equipment; electronic and electrical equipment; scrap and waste

*China - Shanghai Office Area of Coverage:* Northern China and Shanghai

*China's Share of Total California Exports:* 3%



## China: Shanghai

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227 Huang Pi North Road  
Shanghai 200003  
China  
Phone 011 (8621) 6375 8822  
Fax 011 (8621) 6375 8833  
Shanghai@commerce.ca.gov**

The Shanghai Office was established in March 2000.

Although in operation for less than one year, the Shanghai Office achieved preliminary success in creating trade leads, facilitating trade and investment delegations and missions, and representing California companies at trade shows and business meetings.

During 1999-00, the Shanghai Office submitted 48 trade leads, serviced more than 100 trade inquiries, and submitted two positive investment leads. In addition, the Office staff facilitated business missions for the Mayor of Dalian City to Oakland and San Francisco, and for the Mayor of the City of Vernon to Shanghai to generate local Shanghai business contacts.

In June 2000, the Shanghai Office participated in the China Energy Conference 2000, which was hosted by California Energy Resources, Conservation and Development Commission, the U.S. Department of Energy, the China Energy Conservation Association (Beijing), and the Shanghai Energy Commission. Through the conference, the Office staff collected names of potential buyers of California products. In the same month, the office staff attended the CIAPR Forum (High-Level Forum on City "Informatization" in the Asia-Pacific Region), which was co-sponsored by the United Nations Development Program, the Shanghai Municipal People's Government, the Ministry of Information of People's Republic of China, and the Chinese Academy of Sciences. More than 600 mayors, and policy and business leaders from more than 50 cities throughout the Asia-Pacific Region attended the Forum. At the Forum, the staff identified numerous potential buyers of California products as well as potential investors with an interest in California's economic and demographic benefits.

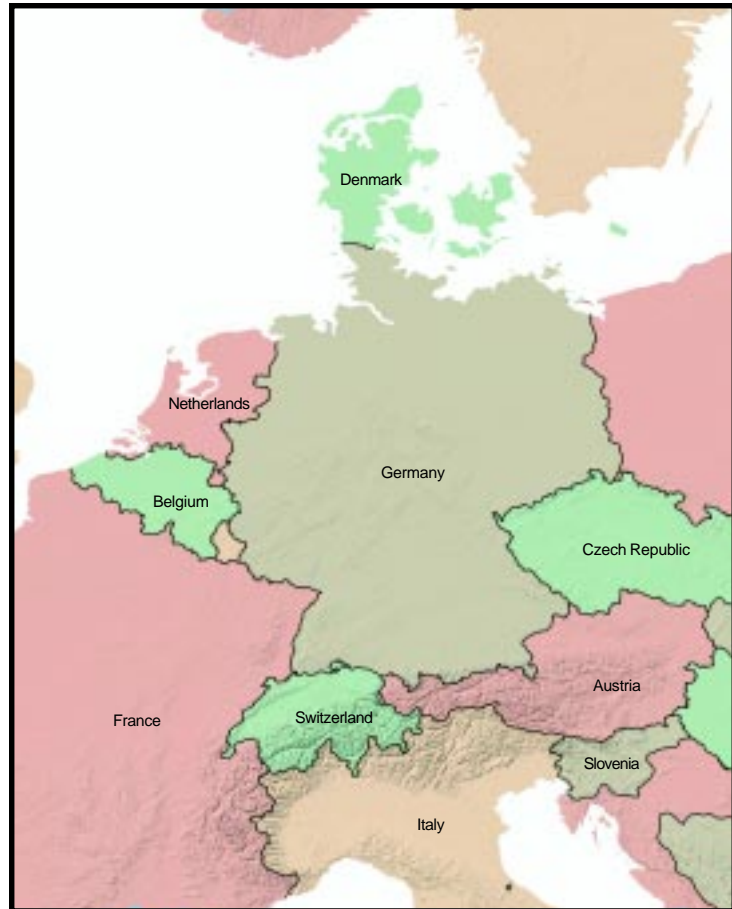
# Germany

*Population:* 82 million  
*GNP:* \$2.2 trillion  
*GNP per capita:* \$22,026

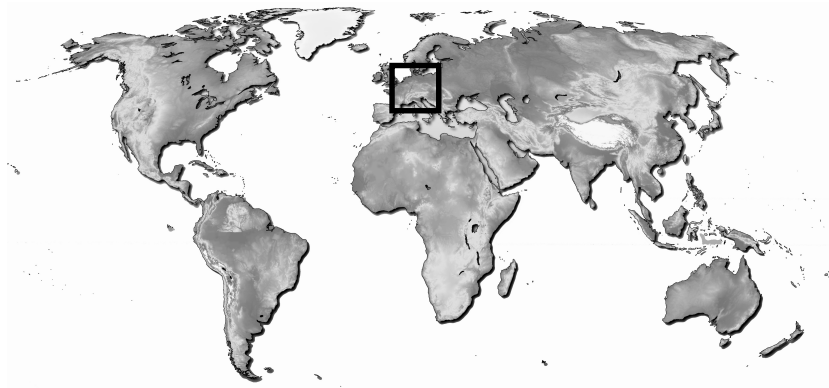
7th largest CA export market  
*2000 California exports:*  
\$5.55 billion

*Largest California export categories to Germany:*  
industrial machinery;  
computer equipment;  
electronic and electrical  
equipment; transportation  
equipment

*Germany Office Area of  
Coverage:* Germany, Italy,  
Switzerland, Austria, and  
Eastern Europe



*Germany's Share of Total California Exports:* 4%



## Germany

**Bockenheimer Landstrasse 97  
60325 Frankfurt am Main  
Germany  
Phone 011 (4969) 907 4550  
Fax 011 (4969) 907 45519  
Frankfurt@commerce.ca.gov**

Building primarily on California's vibrant technology sector, efforts in Germany during 1999-00 continued to be successful, generating \$49 million in trade and investment for California and creating a record of over 402 jobs in the State.

In addition to pursuing trade and investment leads, the Germany Office organized a number of highly focused programs to expand the office's network of companies seeking California partners or with significant potential to make foreign direct investment into California.

In October of 1999, the Germany and UK Offices held the Fourth Annual Cal-IT Europe, the California Information Technology Partnering and Investment Forum in London, which was opened by Governor Davis. Cal-IT is a major effort by the European offices to provide promising California companies in the high-tech industry with the opportunity to present their technologies before a select group of investors and technology firms from across Europe. Approximately 50 of California's most innovative companies were showcased at the forum. Staff pre-screened and scheduled individual meetings for the companies with large European investors, potential joint-venture partners, and other companies seeking to acquire California technology through licensing. Cal-IT continues to be among the premier technology events in Europe and the Agency's single most productive trade and investment effort in the region.

In the spirit of the California-Bavaria Research and Technology Development Partnership, renewed in 1999, the Office cooperated with the Free State of Bavaria to organize the Third Annual High-Growth Technology Forum in Munich. Over 430 executives from the German/Bavarian business community, including prominent investors and entrepreneurs, attended the event to participate in discussions on cross-border investment and expansion.

Directly following the Forum, the Germany Office hosted 30 German information technology start-up companies and 50 top-level international investors for the "German Tech Tour," to assist Germany's most innovative information technology start-up firms with their plans for global expansion. Many of the 350 Tech Tour applicants articulated plans for expansion directly into the California market.

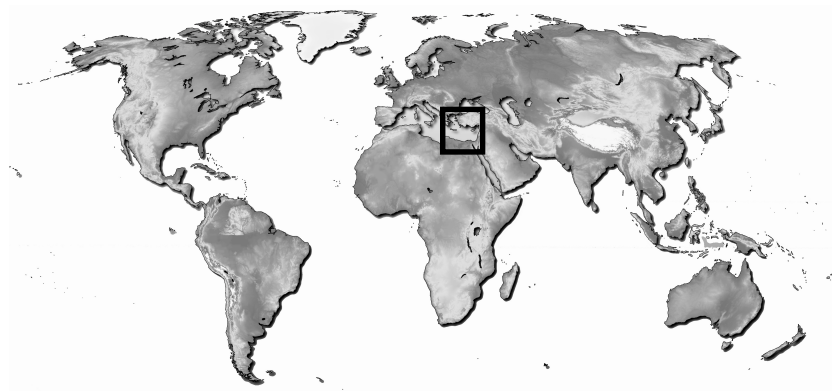
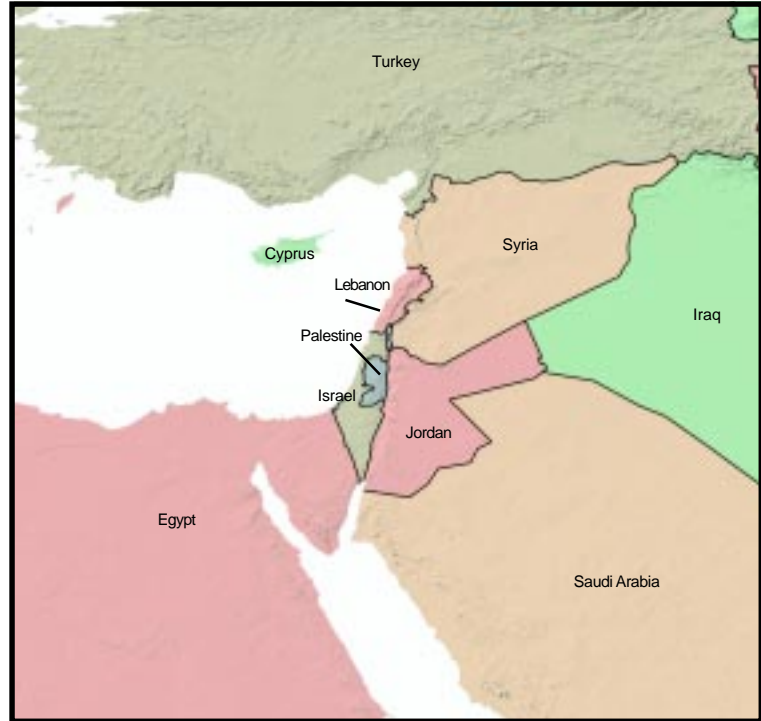
# Israel

*Population:* 5.9 million  
*GNP:* \$96.5 billion  
*GNP per capita:* \$16,861

20th largest CA export market  
*2000 California exports:*  
\$1.16 billion

*Largest California export categories to Israel:* industrial machinery; computer equipment; electronic and electrical equipment; miscellaneous manufacturing industries

*Israel's Share of Total California Exports:* <1%



## Israel

5 Kiyrat Mada Street,  
Building #2  
Har Hotzvim Technology  
Park  
POB 45005  
91450 Jerusalem  
Israel  
Phone 011 (9722) 571 0199  
Fax 011 (9722) 571 0713  
Jerusalem@commerce.ca.gov

*In 2000, Israel ranked as California's 20<sup>th</sup> largest export market with exports increasing 20 percent to total \$1.1 billion. California exports to Israel have more than doubled in the past five years. Foreign direct investment into California from Israel grew from \$4 million in 1990 to more than \$162 million in 1998, with the number of jobs supported by Israeli investment rising from 200 to 1,100 over the same period. Much of this increase resulted from a significant number of innovative Israeli IT companies locating in the Silicon Valley.*

*The United States and Israel have a Free Trade Agreement on non-agricultural trade which was signed in 1985 and fully implemented by 1995. Israel is one of only four countries with whom the United States has a free trade agreement, Canada, Mexico and Jordan being the others.*

The Israel Office is the state's first contract office and was established in 1993. The financial and operational efficiencies of the contractor approach in Israel has spawned additional contract offices around the world. In addition to providing all of the services performed by the other foreign offices, the Israel Office is "the" local source of information for California trade, and actively facilitates foreign direct investment into California. The Director of the Israel Office also serves as Chairperson of the American State Offices Association.

In May 1998, the State of California and Israel signed a technology and business-oriented Memorandum of Understanding (MOU).

In October 1999, the Israel Office took the lead in planning, coordinating, and successfully executing the visit of Governor Davis to the country along with a coterie of California business people and political leaders, which included a one-day visit to Egypt. During that visit, the Governor signed a MOU on behalf of the California Commission on Bioscience with the Israel Biotechnology Organization to encourage additional cooperation in that sector.

In January and June 2000, Agency Secretary Hatamiya joined Shimon Peres, Israel's Minister of Regional Economic Development and Nabeel Shaath, Minister of Planning and International Cooperation for the Palestinian National Authority, in signing a MOU to advance economic development activities between California and the Middle East region.

# Japan

*Population:* 126 million

*GNP:* \$4.1 trillion

*GNP per capita:* \$23,592

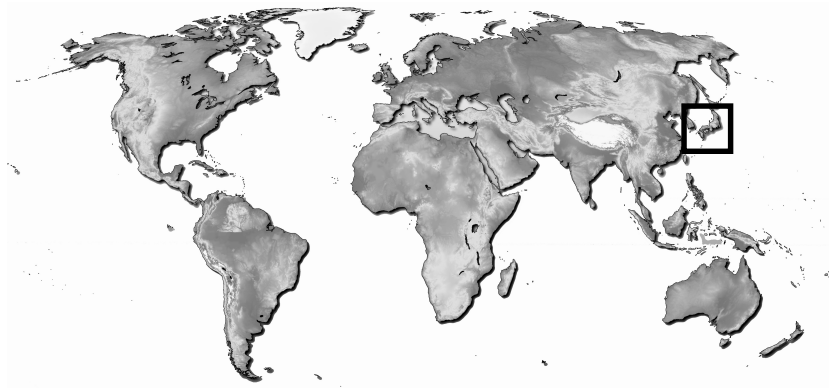
2nd largest CA export market

*2000 California exports:*

\$17.2 billion

*Largest California export categories to Japan:* industrial machinery; computer equipment; electronic and electrical equipment; instruments and related products

*Japan's Share of Total California Exports:* 13%



## Japan

**Kowa 35 Building  
1-14-14, Akasaka  
Minato-ku  
Tokyo 107-0052  
Japan  
Phone 011(813) 3583 3140  
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Tokyo@commerce.ca.gov**

*After three consecutive years of decline, California exports to Japan recovered strongly in 2000. Exports to Japan grew 34 percent in the fourth quarter and 25.6 percent for all of 2000 to total \$17.3 billion. Export growth was led by sales of industrial machinery and computers (\$5.0 billion, up 66 percent), electronics (\$3.2 billion, up 13 percent), and precision instruments (\$2.2 billion, up 38 percent). These three categories accounted for 84 percent of export growth and 60 percent of total California exports to Japan.*

Despite the recent stagnation in the economy, Japan continues to be a major trade and investment partner of California. During 1999-00, the Japan Office had a total of 44 success stories, resulting in \$42 million in trade and investment successes and that created 93 new jobs. The Japan Office serviced 1,257 trade inquires and 100 investment leads, primarily from information technology and telecommunications firms. In addition, the Japan Office supported numerous California delegations and visiting companies including: a trade delegation from Sacramento (November 1999), Vernon (March 2000), California State Senate delegation (April 2000), and more than 30 exporters from California. The office recruited potential buyers and provided on-site support at 15 trade shows/seminars and six investment seminars.

The Japan Office utilizes a number of unique promotional efforts. The Office provides visiting California companies brochures, research for specific products, press releases, and invitations to industry multipliers and potential clients. In addition, the Office staff provide on-site translation and communication support. In the area of investment, the office implemented projects to translate investment related publications into the Japanese language for effective investment promotion, and conducted an aggressive mailing of "investment information binders" to over 50 private and government partners. Also in this fiscal year, the office published two in-house Japanese language newsletters promoting California trade and investment to over 4,000 Japanese clients, partners, and trade show attendees.

# Mexico

*Population:* 95.8 million

*GNP:* \$368 billion

*GNP per capita:* \$7,450

*#1 CA export market*

*2000 California exports:*

*\$19 billion*

*Largest California export*

*categories to Mexico:*

industrial machinery;

computer equipment;

electronic and electrical

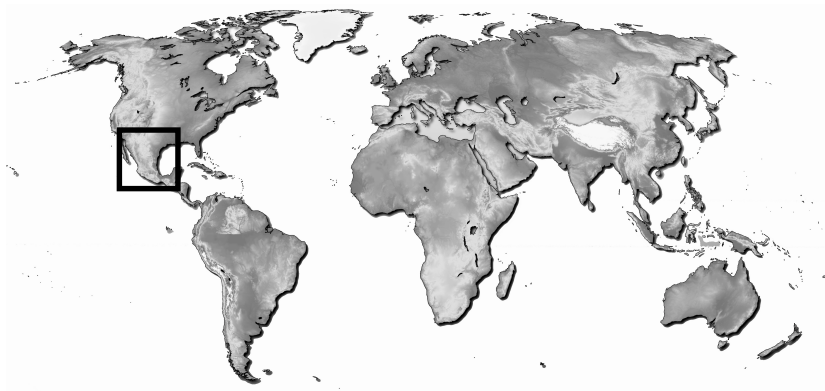
equipment; fabricated

metal products



*Mexico Office Area of Coverage:* Latin America

*Mexico's Share of Total California Exports:* 14%



## Mexico

**Paseo de la Reforma No. 265  
Piso 14  
Colonia Cuahatemoc  
06500 Mexico, DF  
Phone 011 (525) 533 1111  
Fax 011 (525) 533 5202  
MexicoCity@commerce.ca.gov**

*In the first seven years of NAFTA, California exports to Mexico have increased nearly 192 percent or \$12.5 billion. Today, California exports to Mexico directly and indirectly support approximately 228,000 jobs in the Golden State, with more than 150,000 of these jobs resulting from export growth under NAFTA. California exported more than \$19 billion in goods to Mexico in 2000, setting a record for California exports to a single country by topping the \$18.9 billion California sold to Japan in 1996. California export growth to Mexico was broad-based, with 20 of the top 25 categories experiencing double-digit growth.*

The Mexico Office continues to be one of the most important foreign offices due to its economic ties, geographic proximity, and social and cultural connections with California. In 1999, California exports to Mexico reached \$14.9 billion in goods, making it the state's top export destination.

The Mexico Office serviced more than 100 trade leads leading to nine success stories for a total of \$2.3 million in direct exports and investment and the creation of 37 full-time jobs and 500 seasonal jobs in California during 1999-00. In addition to these successes, the Mexico Office continues to strengthen its outreach program to each of the 31 Mexican states, identifying opportunities for procurement and partnering in leading sectors.

The Mexico Office also organized and hosted various trade, legislative, and educational delegations, including: Assembly Speaker Antonio Villaraigosa led a delegation of 25 California legislative and business representatives in August 1999, Senator Richard Polanco in March 2000, and a group of graduate business students from the University of Southern California in May 2000.

Other major activities included: the establishment of a California Wine Committee consisting of Mexican importers of California wine, participation in Visit USA, a working group promoting tourism in the U.S. and participation in 14 trade shows that target the information technology, agriculture, and tourism sectors such as COMDEX, EXPOCOMM, ANTAD, SIAL Mercosur, and Expo Vacaciones.

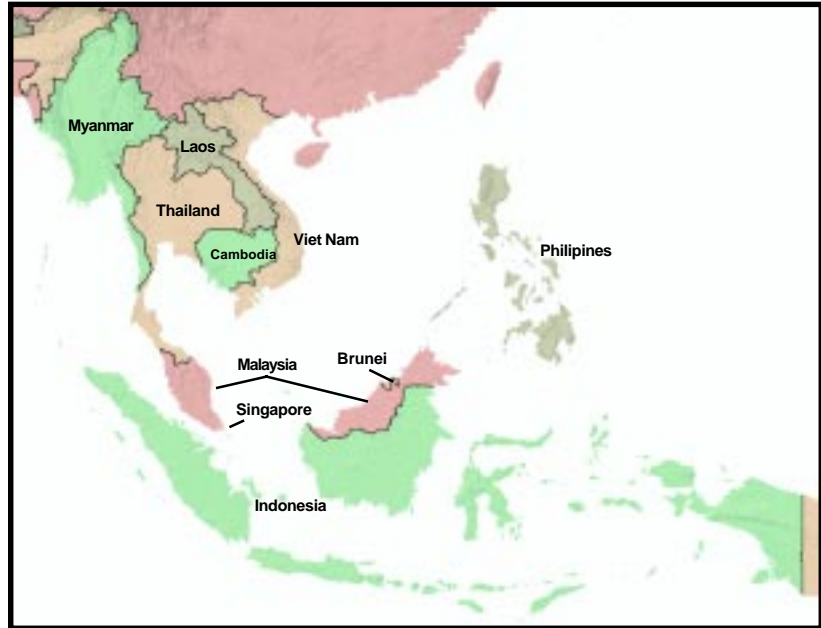
# Singapore

*Population:* 3.2 million  
*GNP:* \$95.5 billion  
*GNP per capita:* \$25,295

8th largest CA export market

*2000 California exports:*  
\$5.3 billion

*Largest California export categories to Singapore:*  
electronic and electrical equipment;  
industrial machinery;  
computer equipment;  
instruments and related products



*Singapore Office Area of Coverage:*

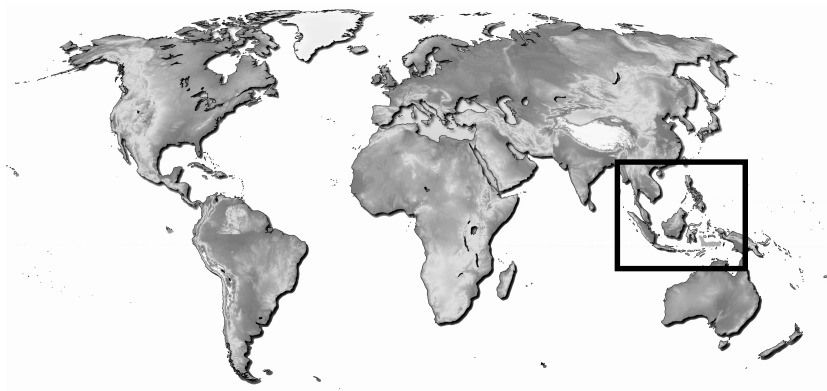
Southeast Asia (ASEAN) includes Singapore, Thailand, Indonesia, Malaysia, Brunei, Myanmar, Laos, Viet Nam, Cambodia and the Philippines

*Total ASEAN Population:* 503.2 million

*Total ASEAN GNP:* \$556 billion

*Total 2000 California exports to ASEAN:* \$13.2 billion

*ASEAN Share of Total California Exports:* 27.9%



## Singapore

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Singapore 089763  
Phone 011(65) 324 0363  
Fax 011 (65) 225 8330  
Singapore@commerce.ca.gov**

*California exports to the ASEAN markets in 2000 totaled \$13.2 billion, an increase of \$2.9 billion or 28 percent for the year. This follows on 0.5 percent growth in 1999 and a 26 percent decline in exports in 1998. Exports to Singapore (up 8 percent), Malaysia (up 42 percent), Thailand (up 62 percent), the Philippines (up 28 percent) and Indonesia (up 60 percent) all showed significant growth in 2000.*

The Singapore Office was established in April 2000. The office is charged with promoting trade and investment in the Association of Southeast Asian Nations (ASEAN) region, excluding the Philippines. To establish a presence, the Singapore Office emphasized its regional role to the various public and private sector groupings that could assist the trade and investment activities of the state, as well as to significant Californian companies already located in Singapore. This included a mission to Thailand.

Notwithstanding the economic crisis that plagued the region, ASEAN as a bloc was California's fourth largest export destination in 1999. Individually, Singapore ranked as the seventh largest destination with \$4.88 billion in exports. During 1999-00, the Prime Minister of Singapore and Governor Davis signed a Memorandum of Understanding to reaffirm the strong ties that already exist between the two economies. Following this, the offices of Singapore's Consul-General, the Trade Development Board, and the National Science Technology Board all established a presence in California. In addition, the Minister of Trade & Industry and the Minister of Communications and Information Technology visited California to facilitate ties.

# South Africa

*Population:* 41.4 million

*GNP:* \$137 billion

*GNP per capita:* \$8,296

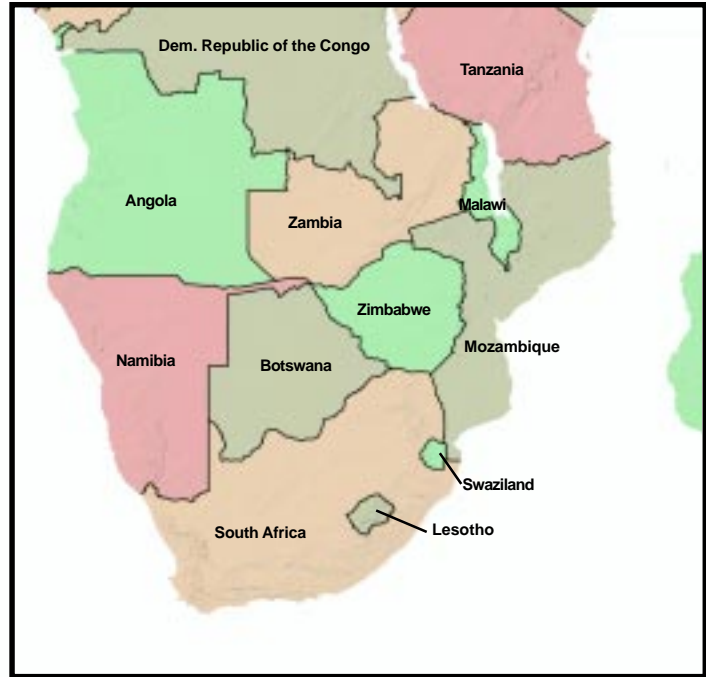
34th largest CA export market

*2000 California exports:*

\$259 million

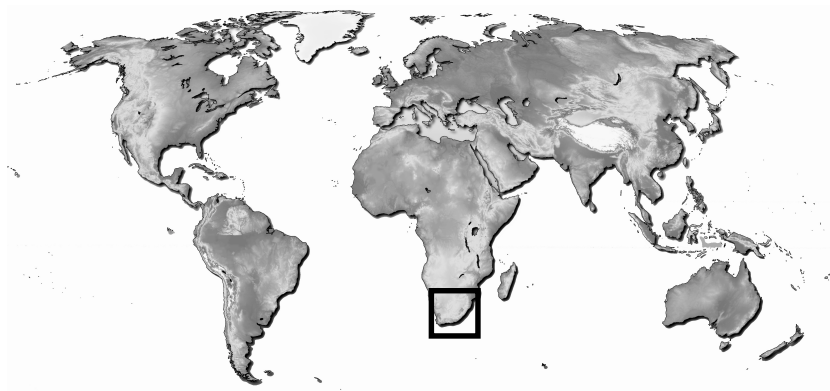
*Largest California export cat-*

*egories to South Africa:* industrial machinery; computer equipment; electronic and electrical equipment; instruments and related products



*South Africa Office Area of Coverage:* Sub-Saharan Africa

*South Africa's Share of Total California Exports:* .2%



## South Africa

**158 Jan Smuts Avenue**  
**3<sup>rd</sup> Floor West**  
**Rosebank 2196**  
**Johannesburg**  
**SOUTH AFRICA**  
**Mailing Address:**  
**P.O. Box 449**  
**Parklands 2121**  
**Johannesburg**  
**Phone 011 (2711) 447 5391**  
**Fax 011 (2711) 447 5393**  
**Johannesburg@commerce.ca.gov**

The South Africa Office, based in Johannesburg, serves the entire sub-Saharan Africa region, where its priority is to assist small- to medium-sized California companies to export to South Africa as a springboard into the African continent. Because of political and economic instability in the region, during 1999-00 the South Africa Office focused on consolidating existing trade and investment relationships.

In the period under review, the South Africa Office assisted over 100 California companies with tailored responses to trade inquiries, and provided advice and other value-added services relating to market penetration strategies in the region. The South Africa Office also received and assisted regular business visitors from California.

In May 1999, President Mbeki of South Africa led a delegation to California for wide-ranging discussions about trade opportunities with California. The South Africa Office played a seminal role in coordinating the arrangements for a meeting between South African President Mbeki and Governor Davis, as well as coordinating meetings and follow-up for many of the South African cabinet ministers who accompanied the president to California.

In addition, the South Africa Office participated in several high-level trade events targeted at African importers and other potential business partners to encourage sourcing of California products and services. The South Africa Office also supported 50 California companies in trade events such as The American Regional Trade Fair, Beauty Africa, and Food & Hotel Africa 2000.

The South Africa Office maintains strong relationships with key southern African multipliers and business organizations in order to leverage its influence in the region to the benefit of California exporters. In 1999-00 California suppliers were alerted to commercial opportunities in sectors such as aviation, aerospace, petrochemicals, agriculture, plastics, and information technology.

# South Korea

*Population:* 46.4 million

*GNP:* \$398 billion

*GNP per capita:* \$13,286

4th largest CA export market

*2000 California exports:*

\$9.1 billion

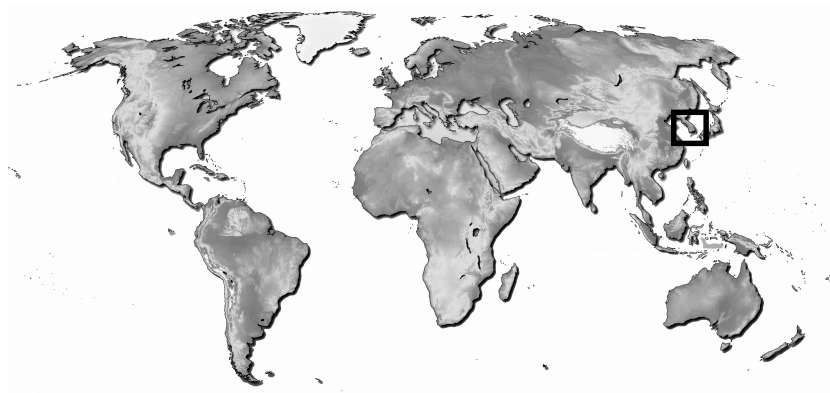
*Largest California export*

*categories to South Korea:*

electronic and electrical  
equipment; industrial  
machinery; computer  
equipment; instruments  
and related products

*South Korea's Share of Total*

*California Exports: 7%*



## South Korea

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**Seoul, 110-140**  
**Korea**  
**Phone 011(822) 733 2341**  
**Fax 011 (822) 733 2344**

*California exports to Korea continued to grow at a torrid pace totaling \$9.1 billion in 2000, an increase of 36 percent, following on the heels of 51 percent growth in 1999. Export growth to Korea was broad-based with 19 of the top 21 sectors all showing export growth, and 17 of these categories experiencing double-digit growth. Electronics (up 17 percent) and industrial machinery and computers (up 85 percent) continued to dominate California exports to Korea accounting for 80 percent of export growth and 71 percent of total exports. Export growth can be attributed to Korea's strong economic recovery, which has resulted in strong consumer and business demand. Korea continues to rank as California's second largest Asian market and fourth largest overall.*

During 1999-00, Korean imports of California-based products orchestrated by the Korea Office equaled \$4.5 million and Korean foreign direct investment into the state resulted in \$6.3 million and the creation of 61 jobs. Today, Korea continues to rank as California's second largest Asian market and fourth largest market overall. California exports to Korea continue to grow at a strong pace, rising nearly 47 percent in the first quarter in 2000 to \$2.1 billion; a 51-percent growth for 1999 due to the country's economic recovery.

The Korea Office participated in four major trade shows (the 1999 Hanam Environmental Expo, Korea Machinery Show 1999, WTA Taejon Technomart 1999 and the 1999 ASOK-AFTAK Catalog Show), where the staff represented 73 California companies. In addition, the Office sent 3 Korean buyer delegations in the sectors of biotechnology, information technology, and agriculture to visit California trade shows, companies, and industries. The Korea Office also arranged an investment seminar for the City of Vernon (March 1999), a reception for the Los Angeles Convention & Visitors Bureau (February 2000), and briefings for California Congressmen Xavier Becerra and Ed Royce during their congressional delegation's visit to Seoul (January 2000).

# Taiwan

*Population:* 22.2 million

*GNP:* \$330 billion

*GNP per capita:* \$16,100

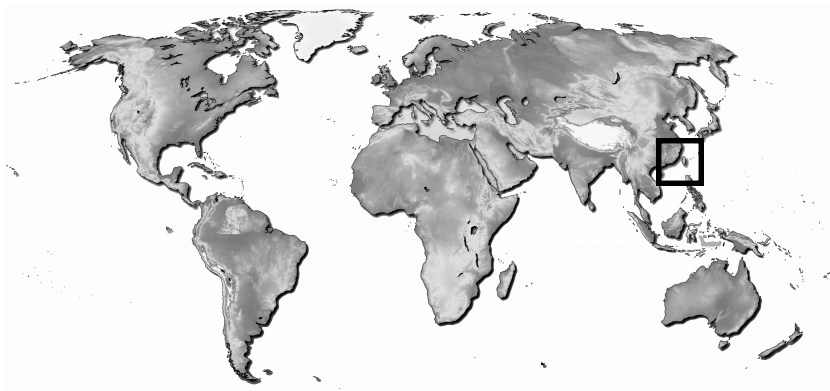
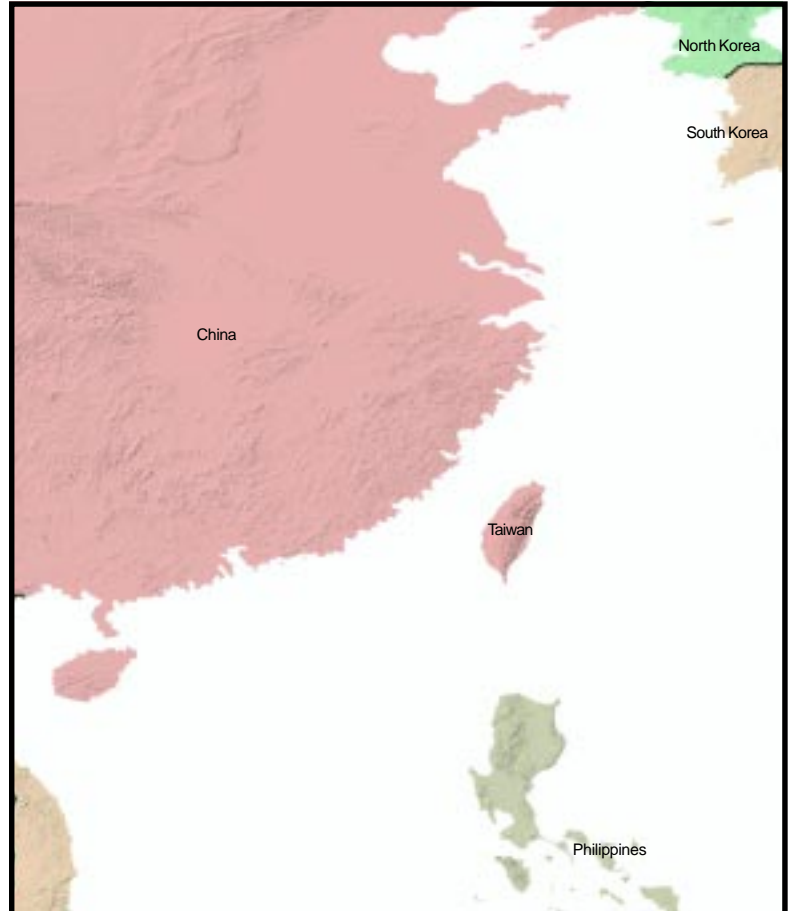
5th largest CA export market

*2000 California exports:*

\$8 billion

*Largest California export categories to Taiwan:* electronic and electrical equipment; industrial machinery; computer equipment; instruments and related products

*Taiwan's Share of Total California Exports:* 6%



## Taiwan

**7CO4/05, Taipei World  
Trade Center  
5 Hsin Yi Road, Section 5  
Taipei 110  
Taiwan  
Phone 011 (8862) 2758 6223  
Fax 011 (8862) 2723 9973**

*California exports to Taiwan grew 24 percent in 2000 to total \$8 billion, making the island California's sixth largest market just behind China. This follows on 9 percent growth for all of 1999. Exports of electronics (up 24 percent), industrial machinery (up 59 percent), and precision instruments (up 84 percent) together accounted for 129 percent of export growth and 80 percent of total exports to Taiwan.*

The Taiwan Office, established in 1995, serviced more than 507 trade inquiries and over 68 investment leads in 1999-00. The California industries assisted include agriculture, tourism, information technology, environmental technology, medical, and education. The Deputy Director conducted and participated in over 409 meetings and presentations to assist California exports and attracting foreign investment. In addition, the Taiwan Office assisted over 10 government delegations and participated in 5 trade shows during 1999-00.

Taiwan endured heightened cross-straits tension with China, the island's most devastating earthquake in more than 100 years, and a divisive presidential election resulting in a stunning upset, which ended 52 years of one-party rule. All of these factors contributed to an unstable economic environment during the last fiscal year. Despite these challenges, Office staff (2.0 positions) surpassed all previous records by generating over \$133 million in trade and investment for California, and creating 770 new jobs.

# United Kingdom

*Population:* 59.1 million

*GNP:* \$1.3 trillion

*GNP per capita:* \$20,314

6th largest CA export market

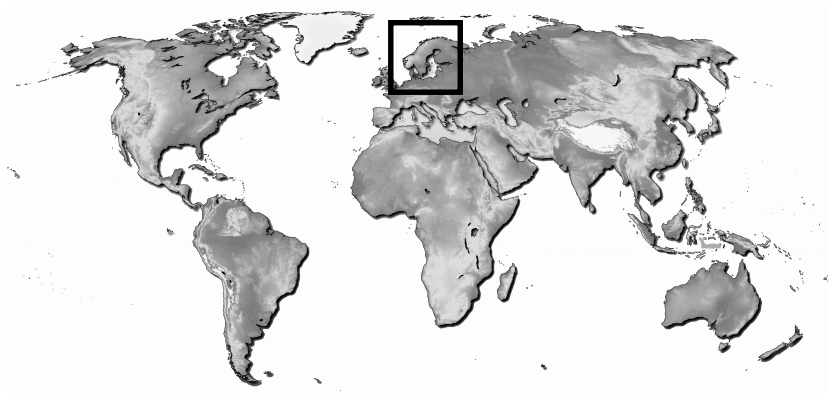
*2000 California exports:*

\$6.3 billion

*Largest California export categories to the United Kingdom:* industrial machinery; computer equipment; electronic and electrical equipment; instruments and related products

*United Kingdom Office Area of Coverage:*  
France, Benelux, Scandinavia, Spain, Portugal, and the United Kingdom

*United Kingdom's Share of Total California Exports:* 4.9%



## United Kingdom

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**8, St. James Place**  
**London SW1A 1NP**  
**United Kingdom**  
**Phone 011 (4420) 7495 3141**  
**Fax 011 (822) 7495 0818**  
**London@commerce.ca.gov**

*California exports to the United Kingdom continued their strong growth in 2000, rising 30 percent in the fourth quarter and nearly 16 percent for all of 2000 to total \$6.3 billion. Export growth to the UK was driven by strong gains in its top three export categories: industrial machinery (up 29 percent), electronic equipment (up 20 percent), and precision instruments (up 31 percent). Together, these categories accounted for 104 percent of export growth and 70 percent of total exports to the UK.*

During 1999-00, the United Kingdom (UK) Office directly facilitated \$5.1 million in trade and investment, and created 14 jobs. Highlights in London included the successful launch of "California House," the combined facility housing the UK Office and the University of California offices. The facility provides a venue in which the California business community can network with UK business enterprises, as well as explore technology transfer opportunities and licensing agreements arising out of the academic institutional contacts enjoyed by the University of California. In addition, California House will be a site for regular joint industry and research briefings that overlap areas of mutual interest between the business and university communities.

The UK Office helped facilitate two visits by Governor Davis during the year. In October 1999, Governor Davis presided over the official opening of California House. As part of his Europe/Middle East trade mission, he met with UK Prime Minister Tony Blair and other government and industry leaders. The Governor made a brief visit again in April, during which the UK Office helped coordinate several aerospace industry meetings to support the new California aerospace initiative.

In the spring, the UK Office organized an investment mission for approximately twelve European telecommunications companies that were considering establishing business operations in California. The mission allowed these firms to meet with potential strategic partners and learn about resources for expansion into California. OFI and the Agency's San Diego Regional Office assisted with coordinating the mission.

## Section 3

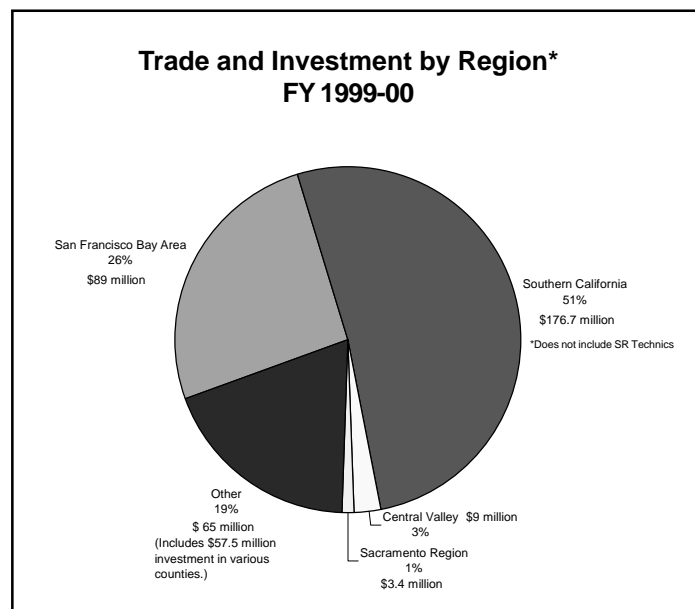
# Successes by Region and Industry

### Regional Profile

According to the Department of Finance Economic Report of the Governor 2000, there are four different regions that encompass the bulk of California's economic activity: Southern California, the San Francisco Bay Area, the Central Valley, and the Sacramento region. Each region has a distinct economic base that gives it a unique source of exports, and specific advantages as a destination for foreign investment.

#### ***Southern California***

Southern California was the region hardest hit by the 1990s recession but has now regained the same number of jobs it had lost, and most areas are achieving record levels of employment. The economic base of the region is changing substantially. Southern California's reliance on aircraft and defense industries has been drastically reduced and the region's economy is now built upon established and emerging industries with excellent future prospects, including electronics, biotechnology, motion pictures, entertainment, professional services, apparel, textiles, and furniture.



Many of Southern California's top industries are also top export and investment sectors. In FY 1999-2000, ITI

deals in Southern California represented the highest dollar amount in trade and investment activities, far exceeding that of any other region. Four of the top five counties are located in this region: Los Angeles, San Diego, San Bernardino, and Orange. The total amount of export and investment assistance to these regions alone accounts for 51 percent of total assistance, or \$176.7 million in FY 1999-00 (not including SR Technics investment at \$3 billion).

### ***San Francisco Bay Area***

This region's economy is based on several of the nation's most dynamic and profitable industries and enjoys the highest per-capita and average household incomes in the state. High technology manufacturing and computer services, classified in this report as information technology (which includes multimedia, software, and Internet services), and biotechnology are among the area's key industries. These industries are yielding historic levels of wealth creation. One illuminating fact is that companies in this area received about 30 percent of the *entire nation's* venture capital investment in 1999—\$16.2 billion or about the equivalent of \$2,000 for every person in this region.

The San Francisco Bay Area consists of the following counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Santa Cruz, Sonoma, Napa, and Solano. This region accounts for 26 percent of total ITI assistance, or approximately \$80 million in FY 1999-00.

### ***Central Valley***

This region's economy is very dependent on agricultural production and exports. The San Joaquin Valley is the most productive agricultural region in the world, and in 1999 export markets strengthened and weather conditions improved dramatically, leading to better farm incomes and employment growth.

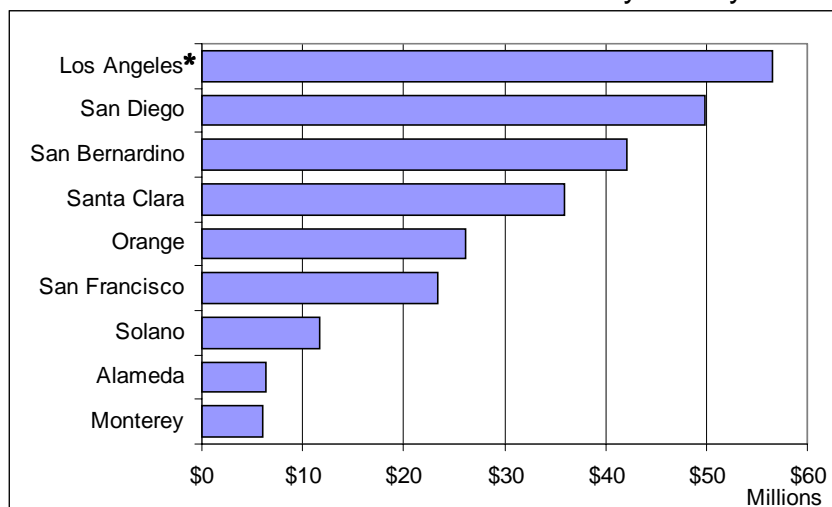
The Central Valley consists of the following counties: Fresno, Madera, San Joaquin, Calaveras, Tulare, Merced, and Kern. This region accounts for 2.6 percent of total ITI assistance; primarily export assistance, amounting to \$3 million in FY 1999-00.

### ***Sacramento Region***

Unique among Central Valley areas, Sacramento has established a significant high-technology manufacturing and services base in recent years. Employers are attracted to this region by a well-educated workforce, favorable weather (especially in the foothill areas of eastern Sacramento and western Placer and El Dorado counties), low housing costs (less than half the Bay Area average), and excellent transportation facilities (the West's principal north-south highway, and the only two year-around trans-Sierra highways in the Valley).

In this report, the Sacramento region consists of Sacramento, Yolo, Placer, Nevada, and Sutter counties, which accounts for about 1 percent of total ITI assistance.

**Value of Trade and Investment Deals by County**

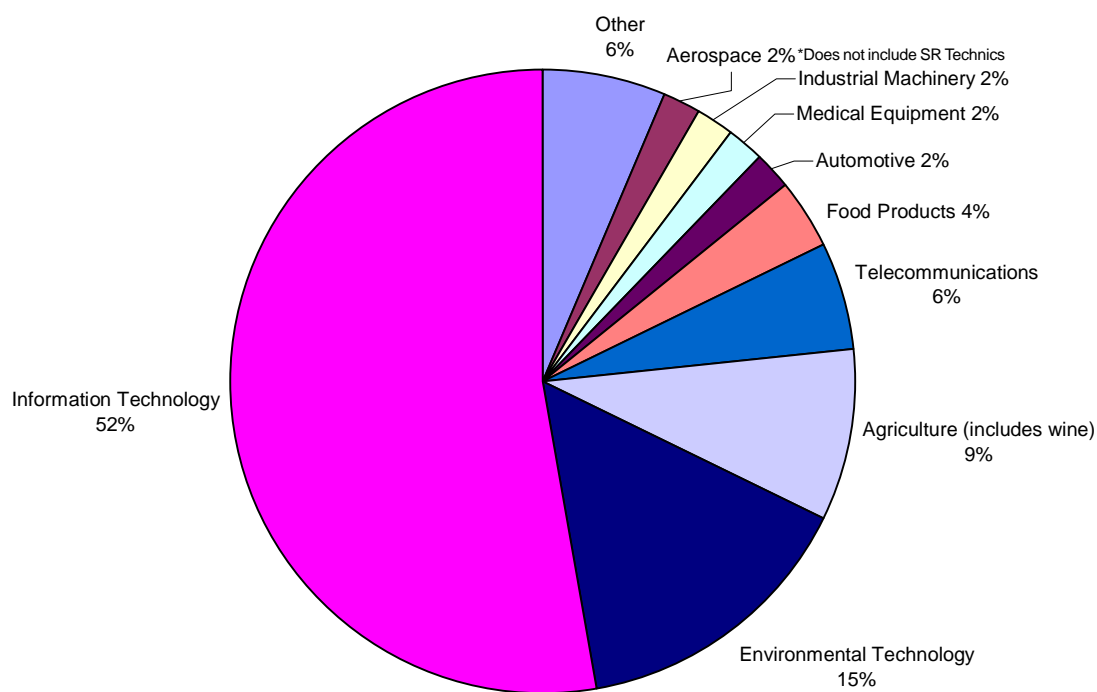


\*This bar graph does not represent the \$3 billion in investment in Los Angeles County generated by SR Technics

## Cases by County

California County	Type of Case	Number of Cases	\$ Amount (000)	Jobs Created
Alameda	Export	8	6,295	22
Calaveras	Export	1	3,161	0
Contra Costa	Export	1	2,000	0
Fresno	Export	6	1,635	0
Kern	Export	1	5	0
Los Angeles	Export	49	36,037	103
	Investment	16	3,020,554	6,078
<i>Total: Los Angeles</i>		65	\$3,056,591	6,181
Madera	Export	1	1,460	0
Mendocino	Export	1	100	0
Merced	Export	1	11	0
Mono	Export	1	100	0
Monterey	Export	1	6,000	0
Napa	Export	2	400	3
Nevada	Export	1	5	0
Orange	Export	15	15,788	110
	Investment	4	10,355	427
<i>Total: Orange</i>		19	26,143	537
Riverside	Export	6	707	0
Sacramento	Export	3	1,749	10
San Bernardino	Export	3	1,596	20
	Investment	2	40,500	102
<i>Total: San Bernardino</i>		5	42,096	122
San Diego	Export	14	6,377	29
	Investment	2	43,500	290
<i>Total: San Diego</i>		16	49,877	319
San Francisco	Export	5	23,128	11
	Investment	3	600	5
<i>Total: San Francisco</i>		8	23,728	16
San Joaquin	Export	3	2,664	541
San Luis Obispo	Export	1	191	0
San Mateo	Export	4	2,185	33
	Investment	2	1,400	12
<i>Total: San Mateo</i>		6	3,585	45
Santa Barbara	Export	5	776	4
	Investment	1	250	2
<i>Total: Santa Barbara</i>		6	1,026	6
Santa Clara	Export	11	15,542	49
	Investment	12	20,450	212
<i>Total: Santa Clara</i>		23	35,992	261
Solano	Export	3	775	1
	Investment	2	11,000	82
<i>Total: Solano</i>		5	11,775	83
Sonoma	Export	2	5,620	3
Sutter	Export	1	803	15
Tulare	Export	2	48	0
Ventura	Export	2	1,237	10
Yolo	Export	3	800	0
Various	Investment	1	57,500	540
<b>Total All Counties</b>		<b>200</b>	<b>\$3,342,908</b>	<b>8,230</b>

### Total Successful Cases by Industry



High technology, including information technology, accounts for more than half of ITI's assistance. Most of this assistance was in the form of inward investment.

## Cases by Industry

Industry	Number of Cases	\$ Amount (000)	Jobs Created
Information Technology	37	180,951	1,155
Environmental Technology	25	52,522	83
Agriculture	17	24,851	545
Telecommunications	8	19,220	60
Food Products	16	12,641	86
Automotive	4	6,671	21
Medical Equipment	17	6,624	33
Industrial Machinery	3	6,526	51
Aerospace	11	3,006,381	6,048
Manufacturing	8	6,309	58
Agriculture-Wine	5	4,409	0
Electronics	3	3,052	6
Industrial Production	9	1,619	15
Apparel	4	1,785	6
Construction	6	1,454	6
Consumer Products	14	1,411	8
Transportation	1	1,200	13
Scientific Instruments	2	1,160	5
Business Services	5	1,155	7
Other	3	1,002	0
Engineering	1	950	24
Furniture	1	650	0
<b>Total All Industries</b>	<b>200</b>	<b>\$3,342,908</b>	<b>8,230</b>